

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEST KENTUCKY RURAL	)	
TELEPHONE COOPERATIVE CORPORATION, INC.	)	
FOR A CERTIFICATE OF CONVENIENCE AND	)	CASE NO. 9825
NECESSITY AUTHORIZING IT TO CONSTRUCT	)	
ADDITIONAL TELEPHONE LINES AND OTHER	)	
FACILITIES	)	

INTERIM ORDER

On June 19, 1987, the Commission issued an Interim Order granting a Certificate of Public Convenience and Necessity to West Kentucky Rural Telephone Cooperative Corporation, Inc., ("WKRTCC") to proceed with specific portions of the construction proposed in this application. The Interim Order was necessary because some of the proposed construction was urgently required; however further investigation was required on other issues. Approval was not given for any construction that involved the planned rearrangement of WKRTCC's toll network since insufficient information had been provided to show that these investments were in the public interest. Because the manner in which cost estimates were supplied made it impossible to separate central office investments from toll-related investments, approval was not given for central office investments.

The Commission issued an Order on June 9, 1987, requesting economic justification for the proposed toll rearrangement. A response was filed on July 15, 1987; however this response failed

to adequately justify the investments, necessitating another request for information.<sup>1</sup> A response was due on August 31, 1987; however at WKRTCC's request, this date was extended to September 14, 1987. In WKRTCC's request for an extension, it provided information clarifying, and separating, central office investments from toll investments and requested interim approval for the purchase of digital central office switching equipment. For the reasons discussed below, the Commission is of the opinion that this request should be approved.

The majority of the present switching equipment is electromechanical equipment of Stromberg-Carlson manufacture. With the exception of the Sedalia and Cypress offices, this equipment ranges in age from 24 to 32 years old, and requires extensive maintenance to maintain adequate operation. Stromberg-Carlson has ceased manufacturing this type of equipment and no longer provides support for the product line. The Sedalia office, which is 11 years old, is a relatively small office with an NX-2A switch of North Electric manufacture. According to WKRTCC, this manufacturer no longer provides central office switching equipment and no other manufacturer provides equipment support, making repairs and modifications difficult. Under the proposed construction plans, this office will be the location of one of the four host switches. Delaying the conversion of this office would require delaying the Farmington, Lynnville, Wingo,

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<sup>1</sup> By Order dated August 14, 1987.

Cuba, and Pilot Oak conversions since these are to be remote offices hosted by the Sedalia office. A remote office cannot operate without a host office. The Cypress office is only 14 years old, but is not scheduled for conversion until late 1990, at which time it will be 17 years old. Although WKRTCC has not identified any specific problems requiring replacement of this office, the retention of a single electromechanical office in an all digital network would present significant maintenance and engineering difficulties. For instance, it would require some maintenance personnel to be familiar with both the old and new technologies. Additionally, special interfaces would be required to convert analog to digital and the reverse. Due to economies of scale, a delayed replacement of this office would be more expensive than replacement occurring at the same time as the other offices.

According to WKRTCC's latest filed information, a master switch will be located in the Folsomdale exchange, with host switches in the Sedalia, Hardin, and Hazel exchanges. All other exchanges will contain remote switching equipment. As indicated in the revised supplemental loan proposal, this configuration is more spanline intensive than the originally proposed all stand-alone configuration, thereby partially offsetting the reduction in costs expected with the use of remote switching equipment. However, additional savings could occur if remotes capable of tandem operation at a reasonable cost become available. Since the Commission is interested in monitoring this situation and construction progress, all changes in the basic

type of switching equipment, such as changing a remote to a stand-alone switch, or to a remote capable of tandem operation, should be filed as soon as details are known. Minor changes, such as changes in the number of line, trunk or host/remote terminations will not require additional filings. In addition, in order to track the reasonableness of estimates provided, actual central office costs should be filed as soon as they are available. These filings will be treated as construction progress reports and will not be considered as applications for changes in construction plans, unless WKRTCC determines that changes are substantial and require formal approval. Of course, the Commission may at any time notify WKRTCC that a formal application is necessary. Construction progress reports should cite this case number.

Still pending in this case is the issue of the rearrangement of WKRTCC's toll network, to include all investments in microwave equipment and any other related investments, such as microwave huts, or any other equipment designed to transport toll traffic to the Folsomdale exchange for the purpose of concentrating toll traffic in that exchange. No commitments should be made with respect to these investments pending specific Commission authorization.

#### FINDINGS AND ORDERS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the replacement of all central office equipment in WKRTCC's authorized service

area, as described above and as most recently filed in its application, and a Certificate of Public Convenience and Necessity should be granted for this purpose.

2. WKRTCC should file construction progress reports as described in this Order.

3. WKRTCC should make no commitments with respect to investments in microwave equipment or related investments, or any equipment designed to transport toll traffic to the Folsomdale exchange for the purpose of concentrating toll traffic in that exchange, pending specific Commission authorization.

IT IS THEREFORE ORDERED that:

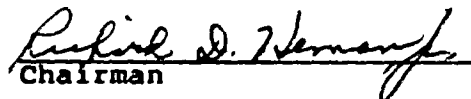
1. A Certificate of Public Convenience and Necessity be, and hereby is, granted for the replacement of all central office equipment in WKRTCC's authorized service area, as described in this Order and as most recently filed in its application.

2. WKRTCC shall file construction progress reports as described in this Order.

3. WKRTCC shall make no commitments with respect to investments in microwave equipment and/or related investments, or any equipment designed to transport toll traffic to the Folsomdale exchange for the purpose of concentrating toll traffic in that exchange, pending specific Commission authorization.

Done at Frankfort, Kentucky, this 2nd day of October, 1987.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

Executive Director